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SUBJECT: TURKEY: RESPONSE ON FINANCIAL CRISIS' EFFECT ON  
EUROPEAN MIGRATION (C-RE9-00762)

REF: STATE 43864

(U) This cable is sensitive but unclassified - please protect accordingly.

11. (SBU) The following is Turkey's response to reftel information request. Answers are keyed to the questions in reftel.

12. (SBU) B.1. To date, the drop in remittances to Turkey -- most of which originate in Western Europe -- following the onset of the economic crisis has not had a noticeable impact on the Turkish economy. In 2008, remittances totaled USD 1.35 billion. For the period of January-March 2009, inflows were around USD 204 million, down from USD 352 million during the same period in 2008 (some of this may be due simply to a stronger dollar against both the euro and the lira). The effect of this drop on the larger economy has been muted, in large part because Turkey's imports have been falling faster than its exports, leading to an overall improvement in the current account deficit (estimated to be 2% of GDP for 2009 vice 6.5% for 2008). This has reduced the importance of remittances as a source of foreign exchange. The absolute amount of the three-month drop (USD 148 million) is also negligible as a percentage of Turkey's GDP over the same period.

13. (SBU) B.2. There have not been any official reports of a large influx of returning migrants, although there is anecdotal evidence that a small number of Turkish workers have returned from Europe. Workers' remittance accounts at the Central Bank (USD 12.6 billion as of May 15, 2009) saw large withdrawals in August (USD 330 million) and September (USD 232 million), presumably due to returning workers drawing down their accounts. The rate of withdrawal from these accounts eased sharply in the following months to more normal levels, however, and overall outflows for 2008 were no higher than for 2007 (around USD 2.4 billion).

14. (SBU) B.2. (cont'd) Several Turkish construction companies operating in Russia have also either closed or suspended their operations and their Turkish employees have returned as a result. This has provided a minor contribution to higher unemployment figures, which reached 16.1% in March 2009 (an 11.9% YOY increase). Urban unemployment in March climbed to 19.8%, a 14.2% YOY increase. Both of these figures are record highs. The GOT's efforts to date have focused on overall job creation/retention and have not been specifically focused on returning migrants. Expectations are that the job creation rate will increase over the summer months due to seasonal factors, especially in the agricultural and service (e.g. tourism) sectors. In the medium term, however, the official forecast of a 3.9% decline in GDP for 2009 (and private sector forecasts as high as -7%) indicates that job creation is unlikely to keep pace with new entrants to the labor market (whether they are returning migrants or young people looking for their first jobs).

¶5. (SBU) B.3. There have not been any reported instances of social tension from workers returning home.

¶6. (SBU) B.4. The GOT has neither offered incentives to its citizens to return home nor taken any steps to discourage them from returning.

¶7. (SBU) B.5. Given the small numbers involved, it is difficult to generalize on the reasons why Turkish workers may have returned. Obviously the workers from Russia returned because the economic climate meant their jobs were no longer available, but as they only went abroad as part of Turkish firms' contracts for Russian construction projects they were not migrants in the traditional sense of the word.

¶8. (SBU) B.6. There has not been a major influx of returning workers, so the additional strain on public sector services has been negligible.

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